



## **AUDIT COMMITTEE MINUTES**

**Tuesday, June 12, 2018**

**6:34 PM**  
**Hillsboro Civic Center Room C207**

**Public Meeting**  
**150 E. Main Street**

### **CALL TO ORDER**

**Present:** Councilors Darell Lumaco, Fred Nachtigal and Kyle Allen; and Committee members Bill Mooso, Taylor Moore and Monte Akers

**Staff Present:** Michelle Wareing, Suzanne Linneen, Jon Grover, Michael Brown, and Aubrey Minear

**Other Attendees:** Talbot, Korvola and Warwick (TKW), Senior Manager Bill Barker, and Senior Dan Miley

**Consider Minutes:** December 12, 2017

Motion was made by Allen, seconded by Moore, to approve the December 12, 2017 minutes. The motion passed unanimously with Nachtigal, Allen, and Lumaco voting in favor.

### **1. ADVICE/INFORMATION ITEMS:**

- A. Arrangement Letter for the audit of 2017-18 (4th year in contract for audits through Fiscal Year 2018-19) – Jon Grover, Finance Manager

Bill Barker, Talbot Korvola and Warwick, overviewed the arrangement letter. In response to Mr. Akers, Mr. Barker said the audit is not designed to detect fraud, but if discovered, the auditors will inform the Audit Committee.

- B. Review responsibilities of the Audit Committee – Talbot Korvola & Warwick, LLP - Bill Barker, Senior Manager and Dan Miley, Audit Manager

Mr. Barker provided a handout listing out the responsibilities of the Audit Committee.

- C. Fiscal Year 2017-18 audit
  - 1. Timeline – August Interim, October Final Field Work, Issue Statements by Thanksgiving
  - 2. Overview: planning for the audit on the auditor's side – Dan Miley/Bill Barker

3. Overview: preparing for the audit on the City side – Michelle Wareing/Jon Grover

Mr. Grover and Dan Miley, Talbot Korvola and Warwick, spoke of next steps in preparing for the audit including collecting requested documents. Ms. Wareing overviewed the fixed asset process.

4. Governmental Accounting Standards Board requirements and changes

Mr. Barker overviewed the Governmental Accounting Standards Board (GASB) requirements and changes, including GASB Statement Numbers 75, 82, 83, 85, and 86. He explained the footnotes and clarifications that are in relation to Public Employees Retirement System.

- D. Required fraud communications under Statement of Accounting Standards (SAS) 99 related to the Fiscal Year 2017-18 audit engagement – Dan Miley/Bill Barker

Mr. Miley asked the Audit Committee if they had any concerns or were aware of any fraud or compliance issues. The Audit Committee unanimously said no.

- E. Other items
  1. Government Finance Officers Association (GFOA) Award
  2. Cash audits - Internal and external auditors
  3. Fraud and ethics hotline update

Mr. Grover announced the City has earned the GFOA award once again. Ms. Linneen spoke of internal and external controls. There was general discussion regarding cash handling at the Ron Tonkin Stadium and the 53<sup>rd</sup> concessions stand.

Ms. Linneen said Ms. Wareing and herself have provided ethics training to staff and no calls or activity have been received on the fraud and ethics hotline.

4. City Manager Comments

Mr. Brown thanked the Audit Committee members for volunteering their time. He invited them to attend the 2018 Fun Fest, an employee appreciation event, and spoke about this year's Civic Leadership Academy. Lastly, he overviewed the fiber to the premise project that was recently approved by the City Council.

Mr. Mooso expressed his support for a fiber network as it will bring high-tech business and increase connectivity.

- F. Timing of the next Audit Committee meeting – December.

Mr. Grover said the next Audit Committee meeting can be expected to be scheduled sometime during December.

## **2. ITEMS FOR AUDIT COMMITTEE ACTION:**

### **A. Convene with the auditors (no staff).**

In response to Mr. Taylor's question regarding internal control testing, Mr. Miley said the testing is random and the auditors always reserve the right to surprise test any internal controls. He clarified that all controls are walked through each year, but the testing is only conducted on a few that are randomly selected. He said after testing, the auditors always recommend ways to improve controls.

There being no further business to come before the Audit Committee, the meeting was adjourned at 7:30 pm.